



TIM GRIFFIN
ATTORNEY GENERAL

April 19, 2023

The Honorable Kevin McCarthy
Speaker
United States House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Steve Scalise
Majority Leader
United States House of Representatives
2409 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Hakeem S. Jeffries
Minority Leader
United States House of Representatives
2433 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Tom Cole
Chairman, Committee on Rules
United States House of Representatives
2207 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jim McGovern
Ranking Member, Committee on Rules
United States House of Representatives
370 Cannon House Office Building
Washington, D.C. 20515

RE: Protecting Taxpayers and Victims of Unemployment Fraud Act, H.R. 1163

Dear Congressional Leaders:

The undersigned attorneys general write in support of the Protecting Taxpayers and Victims of Unemployment Fraud Act (H.R. 1163), which the Committee on Ways and Means recommended “do pass” on April 6, 2023. The pandemic hit Americans hard; “[t]he unemployment rate jumped ... to a level not seen since the 1930s” and left “tens of millions” without work.¹ To provide relief, the federal government moved quickly to expand access to unemployment insurance.² Though emergency unemployment programs benefitted millions of Americans, they also opened the door to “what may turn out to be the biggest fraud wave in U.S. history.”³ The

¹ Center on Budget and Policy Priorities, *The COVID-19 Economy’s Effects on Food, Housing, and Employment Hardships* (Feb. 10, 2022), <https://www.cbpp.org/sites/default/files/8-13-20pov.pdf>.

² U.S. Department of Labor, *Unemployment Insurance Relief During COVID-19 Outbreak*, <https://www.dol.gov/coronavirus/unemployment-insurance> (last visited April 12, 2023).

³ Cezary Podkul, *How Unemployment Insurance Fraud Exploded During the Pandemic*, ProPublica (July 26, 2021, 5:00 AM), <https://www.propublica.org/article/how-unemployment-insurance-fraud-exploded-during-the-pandemic>.

Department of Labor recently estimated that “at least \$163 billion in federal [unemployment] benefits could have been paid improperly,”⁴ with an estimated \$59.1 billion of that attributable to fraud.⁵

Indeed, stories of pandemic unemployment fraud abound. “A California woman serving a life prison sentence for murder led a scheme to collect at least \$2 million ... using stolen identities....”⁶ New York inmates ran a similar (albeit less lucrative) scheme.⁷ A member of the Romanian mafia stole more than \$5 million from California’s unemployment benefits program.⁸ A Florida man used 13 fake credit cards to steal more than \$170,000, which he used, in part, to buy a fancy laptop.⁹ And an Arkansas woman and her co-conspirators filed more than 100 fraudulent unemployment claims in California seeking nearly \$1 million.¹⁰ This fraud has cost taxpayers billions of dollars—and sometimes siphoned off benefits from those who truly needed it.¹¹

Unfortunately, the federal government has recovered only a small percentage of these wrongly paid unemployment benefits; as of last year, the Labor Department reported that it had recaptured just “2.4 percent of the wrongful payments.”¹² Federal officials have “concede[d]” that “the sheer number of cases means that” they will not be able to investigate and prosecute them all.¹³ That’s where States come in. State prosecutors and agencies can supplement federal investigations. But currently, States have little incentive to prosecute unemployment fraud: Fraud investigations are costly, but States often can’t keep the money they recover.

The Protecting Taxpayers and Victims of Unemployment Fraud Act would incentivize States to devote their resources to rooting out pandemic unemployment fraud. It would allow States to retain 25% of any fraudulent payments they reclaim¹⁴ and 5% of any other

⁴ Office of Inspector General, *OIG Oversight of the Unemployment Insurance Program*, U.S. Dep’t of Labor (Feb. 8, 2023), <https://www.oig.dol.gov/doloiguooversightwork.htm>.

⁵ Pandemic Oversight, *Pandemic Unemployment Insurance: How Much Has Been Paid to Fraudsters?* (Mar. 7, 2023), <https://www.pandemicoversight.gov/spotlight/unemployment-insurance-fraud>.

⁶ Amanda Holpuch, *Woman Led Unemployment Fraud Ring from Prison, Prosecutors Say*, N.Y. Times (May 18, 2022), <https://www.nytimes.com/2022/05/18/us/unemployment-fraud-scheme-california.html>.

⁷ Press Release, *State Prison Inmates Plead Guilty to Unemployment Insurance Fraud*, U.S. Att’y’s Office N.D.N.Y. (Feb. 24, 2022), <https://www.justice.gov/usao-ndny/pr/state-prison-inmates-plead-guilty-unemployment-insurance-fraud>.

⁸ Press Release, *Romania Citizen Arrested and Charged in \$5 Million Covid Relief Fraud*, U.S. Att’y’s Office S.D. Cal. (Mar. 2, 2023), <https://www.justice.gov/usao-sdca/pr/romanian-citizen-arrested-and-charged-5-million-covid-relief-fraud>.

⁹ Press Release, *Florida Man Who Stole Over \$170,000 in COVID-19 Unemployment Insurance Benefits Sentenced to Over Five Years in Federal Prison*, U.S. Att’y’s Office D. Md. (June 7, 2022), <https://www.justice.gov/usao-md/pr/florida-man-who-stole-over-170000-covid-19-unemployment-insurance-benefits-sentenced-over>.

¹⁰ Press Release, *Arkansas Woman Pleads Guilty to Unemployment Benefits Fraud*, U.S. Att’y’s Office E.D. Cal. (May 27, 2021), <https://www.justice.gov/usao-edca/pr/arkansas-woman-pleads-guilty-unemployment-benefits-fraud>.

¹¹ Tony Room & Yeganeh Torbati, *‘A Magnet for Rip-Off Artists’: Fraud Siphoned Billions from Pandemic Unemployment Benefits*, Wash. Post (May 15, 2022 6:30 A.M.), <https://www.washingtonpost.com/us-policy/2022/05/15/unemployment-pandemic-fraud-identity-theft>.

¹² *Id.*

¹³ David A. Farenthold, *Prosecutors Struggle to Catch Up to a Tidal Wave of Pandemic Fraud*, N.Y. Times (Aug. 18, 2022), <https://www.nytimes.com/2022/08/16/business/economy/covid-pandemic-fraud.html>.

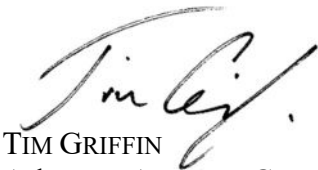
¹⁴ H.R. 1163, sec. 2.

overpayments.¹⁵ And that money would increase the States’ ability to prioritize fraud cases by allowing them to devote that money to “[h]iring fraud investigators,” recouping “administrative costs incurred” in the investigations, “[m]odernizing ... identity verification” programs,¹⁶ and “otherwise assisting the State in improving ... the State’s unemployment compensation law.”¹⁷

The Act contains many other common-sense proposals. It would ensure that States reform their unemployment programs to prevent future fraud, such as by using federal information to confirm that applicants for unemployment benefits are not employed and by stopping payments to incarcerated or deceased individuals.¹⁸ Plus, it would double the time—from 5 to 10 years—for state and federal investigators to hunt down fraudsters¹⁹—a change that members of both parties agree is necessary.²⁰

Fraudsters who swindled the taxpayers out of billions in emergency assistance must be punished. The Protecting Taxpayers and Victims of Unemployment Fraud Act ensures that States have the resources necessary to pursue prosecutions. We urge Congress to enact this legislation.


Sincerely,




TIM GRIFFIN
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TREG TAYLOR
Alaska Attorney General




CHRIS CARR
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KRIS W. KOBACH
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¹⁵ *Id.* sec. 3.

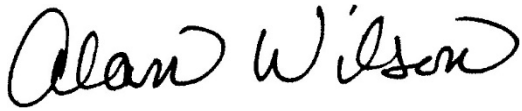
¹⁶ *Id.* sec. 2.

¹⁷ *Id.* sec. 3.

¹⁸ *Id.* sec. 4.

¹⁹ *Id.* sec. 6.

²⁰ Press Release, *FACT SHEET: President Biden’s Sweeping Pandemic Anti-Fraud Proposal: Going After Systemic Fraud, Taking on Identity Theft, Helping Victims*, The White House (Mar. 2, 2023), <https://www.whitehouse.gov/briefing-room/statements-releases/2023/03/02/fact-sheet-president-bidens-sweeping-pandemic-anti-fraud-proposal-going-after-systemic-fraud-taking-on-identity-theft-helping-victims/#:~:text=Increase%20statute%20of%20limitations%20to,which%20President%20Biden%20signed%20this.>



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